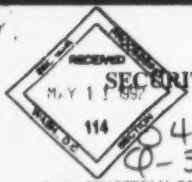

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

0-4131
0-35808

FORM 10-Q

92-2264

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1992 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 2-97252

8-8C

PROCESSED BY

MAY 12 1992

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

WESTERN ENERGY RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

3: [illegible]
(I.R.S. Employer Identification No.)

27782 El Lazo Road, Suite 105
Laguna Niguel, CA 92656
(Address of principal executive offices)

L30

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

May 8, 1992: 8,339,941 shares, common stock, $.01 par value

PART I. FINANCIAL INFORMATION

Item 1. Financial statements.

INDEX TO FINANCIAL STATEMENTS

Balance sheets, March 31, 1992 and December 31, 1991 2

Statements of operations for the three months ended March 31, 1992 and March 31, 1991 4

Statements of cash flows for the three months ended March 31, 1992 and March 31, 1991 5

Notes to the financial statements, March 31, 1992 6

Item 2. Management's discussion and analysis of financial condition and results of operations.

Liquidity and Capital Resources:

Working capital decreased $2,747 for the quarter ended March 31, 1992, primarily as a result of additions to property and equipment. During the first quarter of 1986, world market prices for crude oil began a steep decline which has unfavorably impacted the value of the Company's crude oil reserves and its ability to obtain debt financing. Although crude oil prices have recovered somewhat, prices paid for natural gas remained depressed and continue to adversely impact the Company's cash flow. Because of the decline in oil and gas prices, as discussed above, the Company will attempt to defer major capital expenditures for development drilling until such time as the oil and gas industry can anticipate an upturn and stability in prices. The Company does not have any senior indebtedness and believes it will have adequate cash flows from oil and gas revenues to continue operations for the forthcoming fiscal year.

Results of Operations:

Three Months Ended March 31, 1992 vs. 1991

General and administrative: The decrease in general and administrative expenses is primarily due to elimination of NASDAQ fees ($4,188), decreased compensation ($6,000) and lower rent expense ($3,200).

Depreciation, depletion and amortization: The decrease is due primarily because carrying costs were reduced in prior periods by provisions for impairments which resulted in lower costs to amortize.

Income Taxes:

The Company believes that the implementation of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," would not have a material impact on the Company's financial statements.

WESTERN ENERGY RESOURCES, INC.

BALANCE SHEETS
(Unaudited)

ASSETS

	March 31 1992	December 31, 1991
Current assets:		
Cash	$ 6,521	$ 16,354
Accounts receivable	28,033	22,061
Other current assets	1,043	1,043
Total current assets	35,597	39,458
Property and equipment, at cost:		
Producing oil and gas properties	1,914,773	1,900,889
Office furniture and equipment	52,382	52,382
Less accumulated depreciation, depletion and amortization	(1,691,337)	(1,683,322)
	275,818	269,949
Undeveloped oil and gas properties	197,236	197,236
Total property and equipment	473,054	467,185
Other assets	24,611	24,611
Cost in excess of value assigned to properties acquired (net)	120,672	122,839
	$ 653,934	$ 654,093

The accompanying notes are an integral part of these financial statements

WESTERN ENERGY RESOURCES, INC.

BALANCE SHEETS
(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31 1992	December 31, 1991
Current liabilities:		
Accounts payable	$ 26,560	$ 25,144
Note payable to stockholder	2,594	5,124
Total current liabilities	29,154	30,268
Stockholders' equity:		
Common stock, $.01 par value, 150,000,000 shares authorized, 8,404,573 shares issued, 8,339,941 shares outstanding at March 31, 1992	84,045	84,045
Paid-in capital	5,713,014	5,713,014
Treasury stock, 64,632 shares	(33,090)	(33,090)
Accumulated deficit	(5,139,189)	(5,140,144)
Total stockholders equity	624,780	623,825
	$ 653,934	$ 654,093

The accompanying notes are an integral part of these financial statements.

WESTERN ENERGY RESOURCES, INC.

STATEMENTS OF OPERATIONS
(Unaudited)

For the Three Months Ended March 31,

	1992	1991
Revenues:		
Oil and gas sales	$ 38,962	44,543
Other	4,145	2,262
	43,107	46,805
Expenses:		
Oil and gas production costs	13,568	14,947
General and administrative	18,294	31,840
Depreciation, depletion and amortization	10,193	16,870
Interest expense	107	—
	42,152	63,657
Net income (loss)	$ 955	$ (16,852)
Net income (loss) per share (Note 2)	$ Nil	$ Nil

The accompanying notes are an integral part of these financial statements.

WESTERN ENERGY RESOURCES, INC.

STATEMENTS OF CASH FLOWS
(Unaudited)

For the Three Months Ended March 31,

	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ 955	$ (16,852)
Adjustments to reconcile net income to net cash:		
Depreciation, depletion and amortization	10,183	16,870
(Increase) decrease in accounts receivable	(5,972)	(5,146)
Increase (decrease) in note payable	(2,570)	—
Increase (decrease) in accounts payable	1,416	(7,502)
Net cash provided (used) by operating activities	4,012	(12,630)
Cash flows from investing activities:		
Reductions (additions) to property and equipment	(13,845)	(2,017)
Net cash provided (used) by investing activities	(13,845)	(2,017)
Net increase (decrease) in cash	(9,833)	(14,647)
Cash at beginning of period	16,354	22,909
Cash at end of period	$ 6,521	$ 8,262

The accompanying notes are an integral part of these financial statements.

WESTERN ENERGY RESOURCES, INC.

Notes to Financial Statements
(Unaudited)

March 31, 1992

1. **Accounting Policies:**

See the registrant's audited financial statements for the year ended December 31, 1991 for a full discussion of the registrant's organization and company background and for a summary of its significant accounting policies. The accompanying Financial statements are unaudited but include all adjustments, consisting only of normal recurring accruals, which management considers necessary for a fair presentation of the registrant's financial condition and results of operations in accordance with generally accepted accounting principles. The results for the three months ended March 31, 1992 are not necessarily indicative of the results for the entire year.

2. **Earnings per Share:**

Net loss per share is based upon the weighted average number of common shares outstanding during the periods presented. The weighted average shares outstanding during the three months ended March 31, 1992 and March 31, 1991 were 8,339,941 shares and 8,375,989 shares, respectively.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

None

Item 6. Exhibits and reports on Form 8-K.

(a) Exhibits: None

(b) No reports on Form 8-K were required to be filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTERN ENERGY RESOURCES, INC.

Date: May 8, 1992

/s Richard G. Johnson
Richard G. Johnson
Chief Executive Officer
and Chief Financial Officer